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MACROECONOMIC POLICY QUESTIONS: EXTERNAL DEBT CRISIS AND DEVELOPMENT

Algeria* and Indonesia**: draft resolution

Enhanced international cooperation towards a durable solution to the external debt problems of developing countries

The General Assembly,

Reaffirming its resolutions 41/202 of 8 December 1986, 42/198 of 11 December 1987, 43/198 of 20 December 1988, 44/205 of 22 December 1989, 45/214 of 21 December 1991, 46/148 and 46/151 of 18 December 1991, 47/198 of 22 December 1992 and 48/182 of 22 December 1993,

Recalling its resolutions 48/165 of 21 December 1993 on the renewal of the dialogue on strengthening international economic cooperation for development through partnership and 48/166 of 21 December 1993 on an agenda for development,

Noting that, owing to uneven developments in the context of the evolving international debt strategy, further progress, including concrete measures and innovative approaches, is essential for the achievement of an effective, comprehensive, equitable, development-oriented and durable solution to the external debt problems of a large number of developing countries,

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* On behalf of the States Members of the United Nations that are members of the Group of 77 and China.

** On behalf of the States Members of the United Nations that are members of the Movement of Non-Aligned Countries.

Welcoming the efforts made by some developing countries to resolve their debt difficulties, while recognizing with deep concern that a large number of developing countries continue to face immense problems related to external debt,

Noting with concern the continuing debt and debt-service problems of indebted developing countries, which adversely affect their development efforts and economic growth, and reiterating the need to address and resolve those problems through effective relief measures, including substantial debt-reduction measures, bearing in mind the special and critical situation of the most indebted developing countries in Africa and the least developed countries,

Stressing the importance of alleviating the onerous debt and debt-service burdens connected with all types of debt of developing countries, including multilateral debt, taking into account the urgent need for a once-and-for-all arrangement within the framework of an equitable and durable approach,

Emphasizing the importance for debtor developing countries of continuing to pursue and intensify their efforts with respect to economic reforms, stabilization and structural adjustment programmes, in order to help raise savings and investments, reduce inflation and improve economic efficiency, taking into account the need to address the social aspects of development, including the eradication of poverty, and their individual characteristics, as well as the vulnerability of the poorer strata of their populations,

Expressing its concern that despite continuous and strenuous economic reforms implemented by many developing countries, the burden of debt and debt service continues to constitute one of the major obstacles to the revitalization of economic growth and development of those countries,

Noting that those developing countries that have continued, at great cost to themselves, to meet their international debt and debt-service obligations in a timely fashion, have done so despite severe domestic financial constraints and an unfavourable external environment,

Stressing the need for global economic growth and the necessity of a supportive international economic environment with regard to, inter alia, terms of trade, commodity prices, improved market access, trade practices, access to technology, exchange rates and international interest rates, and noting the continued need for resources for sustained economic growth and development of the developing countries,

1. Takes note with appreciation of the report of the Secretary-General on the developing country debt situation as of mid-1994; 1/

2. Welcomes the results of the Ministerial Meeting of Non-Aligned Countries on Debt and Development, held at Jakarta from 13 to 15 August 1994, 2/

1/ A/49/338.

2/ A/49/367, annex I.

and recognizes that its findings and recommendations, inter alia, on the need to develop a once-and-for-all arrangement for settling all outstanding debt, including the application of a substantial reduction of all categories of debt, will greatly contribute to the achievement of an effective, comprehensive, equitable, development-oriented and durable solution to the debt problems of developing countries;

3. Welcomes also the communiqué of the forty-ninth Meeting of the Joint Ministerial Committee of the Boards of Governors of the World Bank and the International Monetary Fund on the Transfer of Real Resources to Developing Countries, and of the fifty-first Meeting of Ministers of the Intergovernmental Group of Twenty-Four on International Monetary Affairs with respect to the debt burden of the poorest and most indebted countries, and hopes that a reduction in the stock of debt and an increase in concessionality could be implemented expeditiously and extended to cover other indebted developing countries;

4. Takes note with interest of the communiqué of the Summit of the group of seven major industrialized countries, held at Naples, Italy, in July 1994, in which, inter alia, the World Bank and the regional development banks are called upon to strengthen their efforts to reinforce private capital flows to the developing countries and the Paris Club is encouraged to pursue its efforts to improve the debt treatment of the poorest and most indebted countries and, where appropriate, to reduce the stock of debt and to increase concessionality for those countries facing special difficulties; 3/

5. Emphasizes the importance for developing countries of continuing their efforts to promote a favourable environment for attracting foreign investment, thereby promoting economic growth and sustainable development, and stresses the need for the developed countries to create a conducive external economic environment through, inter alia, improved market access, stabilization of exchange rates, the lowering of international interests rates and increased resource flows, as well as improved access to technology for the developing countries;

6. Calls upon the international community to ensure that the full implementation of the Uruguay Round agreements benefits developing countries through, inter alia, an improvement in their market access and terms of trade, thereby allowing them to alleviate their debt problems; the compensatory measures should be implemented, including technical assistance, particularly for those developing countries negatively affected;

7. Welcomes the write-off by certain donors of a significant part of the bilateral official debt of the least developed countries, and urges those countries that have not yet done so to follow suit and, whenever possible, to cancel all bilateral debts of the African countries and the least developed countries;

3/ A/49/228-S/1994/827, annex I.

8. Calls upon the donor countries and multilateral financial institutions, within their prerogatives, to consider appropriate new measures for substantial relief of the debt of low-income countries;

9. Calls upon private creditors and, in particular, commercial banks to renew and expand initiatives and efforts to tackle the commercial debt problems of the least developed countries and of low- and middle-income developing countries;

10. Notes with concern the continuing existence of the debt and debt-service burdens of middle-income countries, including, in particular, those in Africa, and calls upon donor countries, multilateral financial institutions and commercial banks to consider appropriate measures for substantial relief of the debt of those countries;

11. Stresses the need, in addition to debt-relief measures that include debt and debt-service reduction, for new financial flows to debtor developing countries, and urges the creditor countries and multilateral financial institutions to continue to extend concessional financial assistance, in order to support the implementation of economic reforms, stabilization and structural adjustment programmes and the eradication of poverty by the developing countries so as to enable them to extricate themselves from the debt overhang and to assist them in achieving sustained economic growth and sustainable development;

12. Stresses further the urgent need to continue to provide social safety nets to vulnerable groups most adversely affected by the implementation of economic reform programmes in the debtor countries, in particular low-income groups;

13. Recognizes the need to tackle the problem of multilateral debt of developing countries while enabling enhanced concessional flows through multilateral financial institutions;

14. Urges the international community to consider wider application of innovative measures, such as debt-for-equity, debt-for-nature and debt-for-social-development swaps, and, in addition, to consider also debt-for-investment swaps, without prejudice to more durable solutions such as debt reduction and/or cancellation;

15. Calls upon the international community, including the international financial institutions to explore ways of implementing additional and innovative measures to apply once-and-for-all arrangements, including substantial debt-reduction policies, to all categories of debt of the developing countries, including multilateral debt, to enable them to achieve sustained economic growth and development without falling into a new debt crisis;

16. Further calls upon the international community, including the relevant international institutions, to include the effort to solve the debt problems of developing countries in the elaboration of an agenda for development;

17. Urges creditor countries, private banks and, within their prerogatives, multilateral financial institutions to consider the extension of

appropriate new financial support to developing countries, in particular the low-income countries with substantial debt burdens that continue, at great cost, to service the debt and meet their international obligations;

18. Stresses the urgent need to forge a renewed partnership between donor countries, international financial institutions, multilateral agencies and developing countries to find new and innovative ways of mobilizing and allocating the resources needed to sustain the development efforts of developing countries, and recognizes that debt reduction can contribute effectively towards releasing domestic resources, currently diverted from priority areas of development to service debt, to sustain the developing countries' development efforts, in particular their social development efforts;

19. Calls upon the Secretary-General to build on the momentum gained since the Naples Summit of the group of seven major industrialized countries in order to move towards a comprehensive approach to the debt problem, to designate a high-level body or personalities to take the necessary steps to provide adequate follow-up and to report to the General Assembly during the first quarter of 1995 on progress made;

20. Requests the Secretary-General to report to the General Assembly at its fiftieth session on the implementation of the present resolution.